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SUBJECT: MEDIA REACTION US-ARGENTINE BILATERAL
RELATIONSHIP LATIN AMERICAN ANTI-US FEELING ARGENTINA
REPAYING DEBT TO IMF ARGENTINE-BOLIVIAN TIES 01/04/05

11. SUMMARY STATEMENT

Today's key international stories focus on the Bush administration terming the US-Argentine bilateral relationship 'positive,' as opposed to 'excellent' only three months ago; the alleged anti-US feeling in Latin America; Argentina canceling its 9.5 billion-dollar debt to the IMF "cutting free from it after years of bitter clashes;" "The New York Times" front-page story on President Kirchner warning of a tilt to the left and further state control following his decision to cancel Argentina's debt with the IMF; and the Argentine Government's alleged irritation for the exclusion of Argentina on Bolivian President-elect Morales' trip abroad.

12. OPINION PIECES AND KEY STORIES

- "US-Argentine bilateral relationship, downgraded from 'excellent' to 'positive'"

Daily-of-record "La Nacion's" diplomatic editor Jorge Elias writes in the paper's front-page (01/04) "In a discreet, almost unnoticeable way, the Bush administration termed the US-Argentine bilateral relationship 'positive,' as opposed to 'excellent' only three months ago.

"There is a subtle difference (although with high political impact) between the US State Department's latest report on Argentina (issued last December) and the previous one (issued last September).

"In-between both reports, which are regularly issued by the US State Department's Office of Hemispheric Affairs..., a decisive event occurred that affected the bilateral relationship and its hemispheric projection - the Fourth Summit of the Americas...

"During the SOA, Bolivarian President Hugo Chavez led the III Summit of the Peoples..., which was supported by the presidents of the four full Mercosur members.

"That included Kirchner, the host, who had been praised by Bush before landing in Mar del Plata. By then, regardless of the previous reference to '(Kirchner's) populist rhetoric,' the 'excellent political relationship' had been reflected in the Argentine government's gestures, such as 'facilitating cooperation in non traditional areas, like counter-

terrorism and the struggle against drugs,' as well as the peaceful use of nuclear energy and environmental care, among other topics.

"According to the office led by Tom Shannon, Roger Noriega's successor, Kirchner resorted to 'the populist rhetoric and sought to distance himself from the US when competing in 2003 elections,' but after that, he received Bush's support 'on key points' that helped him hold smooth negotiations with the IMF.

"In response to this, according to the report, 'Argentina has actively cooperated with the US in counter-terrorism operations in the Tri-Border.'

"As a consequence of the meeting between (Presidents) Kirchner and Bush in Mar del Plata, the new report points out that 'The relationship between the US and Argentina remains positive in spite of the fact that President Kirchner sometimes uses a populist rhetoric and declares he is against the FTAA.'"

- "Alarm bells in Washington"

Ricardo Kirschbaum, general editor of leading "Clarín," writes (01/04) "According to prestigious magazine 'Foreign Affairs,' the US-Latin American relationship is at its lowest point since the end of the Cold War. The article was written by Peter Hakim, head of The Inter American Dialogue, which has ties with the US Department of State. According to the article, the region has developed a noteworthy anti-US feeling rather than a tilt to the left, and this adds to the low priority granted by (President) Bush to the region ever since the September 11 attacks..."

"As per the article, one of the dangers is that China could replace the US, which could represent a security risk for US interests in the hemisphere.

".... Two influential US newspapers, The Washington Post and The New York Times, have commented on what is happening in the region..."

"The US is concerned over (Latin American) governments questioning failed past policies that were supported by Washington, but it should review (its own) serious mistakes, which unleashed this adverse reaction in Latin America."

- "Kirchner gets rid of IMF pressure, but he faces other political challenges"

Eduardo van der Kooy, political editor of leading "Clarín," opines (01/04) "... The New York Times related Argentina's repaying its debt to the IMF to a turn to the left of the Kirchner administration..."

"Mistrust of the president is not related to his payment to the IMF, but rather to the framework of his recent election victory, his piling up power and some 'style'-related issues, which lower the quality of democracy. The 'ghost' of Hugo Chavez hovers over Washington and some European capital cities..."

"The (Argentine) Government got rid of huge political pressure by canceling its debt to the IMF..."

".... Nonetheless, the Government needs to heal impaired ties with several countries in the world for two main reasons - first, because it wants continued investment that will help boost sustained economic growth... and because it needs to increase trade flow with the world. And this will be impossible without support from Washington and the G7."

- "New dynamics in the international scenario"

Leading "Clarín" carries an op-ed piece by Carlos Pérez Llana, vice-head, International Relations, Siglo 21 University, who comments (01/04) "... Regarding US foreign policy, the cycle that started with the September 11 attacks ended in 2005. While terrorism and security remain its main priorities, obstacles in Baghdad, the impossibility of expanding the crusade, and the costs of unilateralism made President Bush listen to moderates rather than neo-conservatives.

"Condoleezza Rice's nomination and Paul Wolfowitz' resignation reflected this new reality. The failure of the postwar in Iraq was the main factor of change and the year ended with a question - when will the US leave Iraq? Recent parliamentary elections may speed up history by having included the Iraqi Sunni minority although Washington is not dreaming of total withdrawal.

"... Finally, the Bolivian elections made patent the coexistence of two political models in South America. On the one hand, populist coalitions of different nature - nationalistic, indigenous and post-Soviet Marxist, of which President Chavez is the main example. On the other hand, we have the social-Democratic option, with the Chilean socialist President Lagos as the main example.

"For Chavez, the anti-US feeling is the most important element. For Social Democrats, the main purpose is reducing poverty and broaden citizenry."

- "The (Argentine) Government is bothered because Evo did not include Argentina on his agenda"

Natasha Niebieskikwiat, columnist of leading "Clarín," writes (01/04) "According to high-level sources, the (Argentine) Government is bothered because Evo Morales did not include Argentina on his world tour... The Bolivian government is also bothered because they say that Morales received formal invitations from all presidents of the countries he will visit while in the case of Argentina he only received messages from third-

line government officials.

"... For their part, the two countries' foreign ministries asked not to reflect a 'non-existent' diplomatic spat."

13. EDITORIALS

- "Bye bye IMF, hello Chavez"

Liberal, English-language "Buenos Aires Herald" editorializes (01/04) "And so it happened, Argentina sent a cheque to the IMF and settled a lingering political bill, more substantial than the figure of the debt itself. The government trusts that this will generate a sort of freedom that will liberate it from external pressures, but that is subject to controversy and to be proved. For Argentina, yesterday was 'Chau FMI' day..."

"Since the presidential announcement two weeks ago, Argentine politicians and economists have been steeped in controversy over the usefulness of the IMF debt settlement... The concern of critics of the payment to the IMF is that an external arbiter in international finance is removed from the scene. And the question centers on how this absence will be interpreted by potential investors. However, it must also be said that President Kirchner's deeply entrenched ambition was to be rid of the conditioning by the IMF..."

"Venezuela's President Hugo Chavez has become Argentina's main creditor, and lender now, and it is unclear if this is beneficial or not. He may be a demagogue, but by the speed with which he sold the Argentine bonds he purchased and the profit he gained, Chavez showed he was a well-advised authoritarian. And from that place it remains to be seen if his friendship will be free of conditions and pressure. This is the question that will probably be answered quite early in this new year."

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